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Investment Idea / IPO Note

Powertechnic Group Berhad

Elevated Prospects

By Crystal Chin

BUY

IPO Price: RM0.35

Fair Value: RM0.42

Powertechnic Group Berhad (POWER: 0377), specialises in lifting systems, including cranes and hoists, elevated platforms and elevators. Based in Johor, the Company is poised to benefit from the improving activities within the JS-SEZ. Hence, we project POWER to register core net earnings of RM4.9m and RM6.0m for FY25F and FY26F. BUY with a fair value of RM0.42, premised on 22x PER (a discount to Bursa Malaysia's Industrial Production Index given its smaller market capitalisation) over FY26F EPS.

Strategically located in Johor, POWER is set to benefit from the robust activities within the Johor–Singapore Special Economic Zone (JS-SEZ), which targets to attract RM100bn in investments from strategic manufacturing and service industries by end-2025. With an estimated 2% domestic market share in lifting systems, POWER is well-placed to capture incremental demand from rising industrial and property development activities within the region.

As of September 2025, POWER's orderbook stood at RM37.5m. We foresee continued momentum from the elevator segment, which recorded a robust 99% YoY growth in FY25, driven by strong demand for home and freight elevators. The group's in-house engineering and design capabilities further strengthen its value proposition by enabling customised, end-to-end solutions across elevator and other lifting systems.

To expand brand visibility and market reach, POWER is setting up two new product showrooms and sales office, located in Penang and Sarawak slated to commence operations in 1Q26. These new outlets are expected to generate additional job opportunities and revenue streams beginning FY26. Meanwhile, the group plans to intensify marketing efforts in Singapore to reinforce its existing presence and to explore new opportunities in Indonesia.

On the operational front, a portion of IPO proceeds will be allocated to automate fabrication processes, improving precision, production speed, and scalability. The new automated machinery is scheduled for installation and commissioning between 3Q26 and 1Q27, which is expected to enhance production efficiency and support future expansion.

We expect POWER to turn into net cash position from a net gearing of 0.3x in FY24 post-listing as the IPO proceeds will be utilised to pare down borrowings.

KLCI	1,618.38
YTD FBM KLCI change	-1.46%
YTD FBM SC Index change	-6.51%

Stock Information

Market Cap Upon Listing (RM'm)	108.62
Enlarged Share Capital (m)	310.34
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Set-up of new showrooms, sales offices with storage, and marketing expenses	4.50
CAPEX for automated machinery	3.80
Repayment of bank borrowings	2.80
Working capital	6.65
Estimated listing expenses	4.30
Total	**22.05**

Major Shareholders

Ivan Na Keh Chai	34.88%
Choo Chee Yong	34.88%
Choo Chee Siang	2.19%
Clessense Kho Mei Chee	1.23%

Summary Earnings Table

FY Mar (RM'm)	2023A	2024A	2025F	2026F
Revenue	30.6	40.0	45.1	52.9
EBIT	5.2	8.0	6.5	7.9
Pretax profit	5.3	8.0	6.5	8.0
PATAMI	**4.2**	**6.3**	**4.9**	**6.0**
Core PATAMI	**3.3**	**3.7**	**4.9**	**6.0**
Consensus	-	-	-	-
Core EPS (sen)	1.1	1.2	1.6	1.9
EPS growth (%)	315%	10%	33%	22%
DPS (sen)	-	-	-	-
PER (x)	32.4	29.6	22.2	18.2
BV/Share (RM)	0.05	0.13	0.19	0.21
ROE (%)	7.9%	22.9%	13.3%	9.9%
Div. Yield (%)	-	-	-	-

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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